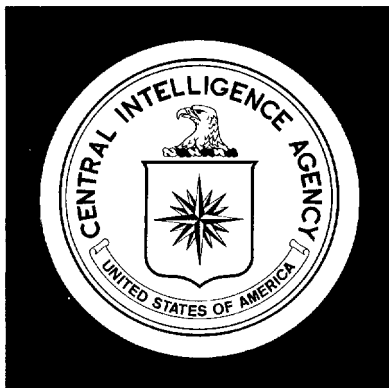


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FRANCE: Pompidou expresses pessimism over European  
disarray.

PORTUGAL: Portuguese prepare position for talks  
on renewal of Azores agreement.

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\*FRANCE: PRESIDENT POMPIDOU HAS REPORTEDLY EXPRESSED DEEP PESSIMISM OVER THE MONETARY CRISIS, THE DISARRAY OF WESTERN EUROPE, AND FRENCH INABILITY TO CHANGE THE SITUATION, GOING SO FAR AS TO PORTRAY WESTERN EUROPE AS BEING ON THE BRINK OF A RAPID SLIDE INTO "FINLANDIZATION."

SEVERAL JOURNALISTS, WHO MEET REGULARLY WITH POMPIDOU, HAVE RECENTLY REMARKED IN ALMOST IDENTICAL TERMS ON THE PRESIDENT'S CURRENT MOOD. THEY SAY POMPIDOU SEES THE DOLLAR CRISIS AS GENERALLY DEBILITATING FOR THE WEST, NOT ONLY BECAUSE IT ENDANGERS RESOLUTION OF TRADE ISSUES BUT ALSO BECAUSE IT ENCOURAGES INTENSE CONGRESSIONAL PRESSURE FOR US TROOP REDUCTIONS IN EUROPE. THIS, PLUS SUSPICION THAT THE US AND USSR HAVE AGREED TO BAR ATOMIC WEAPONS FROM A EUROPEAN CONFLICT, CAUSE GRAVE DOUBT OVER US WILLINGNESS TO DEFEND WESTERN EUROPE.

POMPIDOU FEELS THESE DOUBTS CREATE AN "EVERY MAN FOR HIMSELF" PSYCHOLOGY THAT COULD EVENTUALLY PROPEL WEST GERMANY INTO NEUTRALITY. THE SOVIETS, HE SAYS, HAVE EVERY INTENTION OF EXPLOITING THESE VULNERABILITIES. THE FRENCH PRESIDENT IS PARTICULARLY FRUSTRATED BY FRANCE'S LACK OF CONTROL OVER EVENTS.

POMPIDOU'S REMARKS TO THE NEWSMEN CORRESPOND TO LONG-STANDING FRENCH CONCERNS. THESE APPARENTLY HAVE BEEN INCREASED BY THE RECENT EMPHASIS ON RELATIONS BETWEEN THE SUPERPOWERS, AND PARTICULARLY BY THE SUBSTANCE OF BREZHNEV'S SUMMITS IN WASHINGTON AND PARIS. THERE IS NO CLEAR EVIDENCE OF AN IMPENDING SHIFT IN FRENCH POLICY, BUT IN RECENT WEEKS FRANCE HAS BEEN REVIEWING ITS STANCE ON INTRA-EUROPEAN ISSUES, ESPECIALLY AS THESE INVOLVE TIES WITH AND AMONG THE SUPERPOWERS. POMPIDOU INSTRUCTED FOREIGN MINISTER JOBERT TO "WAKE PEOPLE UP TO THE WEST'S INSECURITY" AT THE CSCE MEETINGS IN HELSINKI

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LAST WEEK. HE MAY HAVE STRESSED HIS CONCERN IN ORDER TO INSPIRE THE NEWSMEN TO TAKE UP THE CRY IN HOPE THAT THE OTHER EUROPEANS WOULD RESPOND WITH FIRM STANDS ON THE ISSUES IN QUESTION, PARTICULARLY

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\*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Defense Intelligence Agency, Department of Defense.

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\*PORTUGAL: LISBON OFFICIALS ARE MANEUVERING FOR ADVANTAGE BUT ARE ALSO HINTING AT A POSSIBLE FALLBACK POSITION FOR TALKS NEXT MONTH ON RENEWAL OF THE AZORES BASE AGREEMENT.

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THE PRESENT AGREEMENT PERMITS THE STATIONING OF US FORCES AT LAJES FIELD UNTIL FEBRUARY 1974, WITH AN ADDITIONAL SIX MONTHS EXTENSION WHILE RENEWAL OF THE AGREEMENT IS DISCUSSED. WHEN THE MATTER WAS LAST NEGOTIATED IN 1971, THE US AGREED TO EXTEND A \$30-MILLION LOAN UNDER THE PL-480 PROGRAM, \$1 MILLION FOR EDUCATIONAL DEVELOPMENT PROJECTS IN PORTUGAL, AND NON-MILITARY EXCESS EQUIPMENT WORTH \$5 MILLION. THE PORTUGUESE WERE GREATLY DISAPPOINTED AT THE SIZE OF THE US QUID PRO QUO AND ARE ESPECIALLY DISSATISFIED BECAUSE THE US HAS NOT COME UP WITH EXCESS EQUIPMENT THAT LISBON IS WILLING TO ACCEPT.

FOREIGN MINISTER PATRICIO TOLD SECRETARY ROGERS LAST WEEK THAT MORE DIRECT QUID PRO QUO WOULD BE REQUIRED UNDER ANY NEW AGREEMENT, AND LISBON WOULD BE PREPARED TO CLOSE OUT THE BASE IF THE US COULD NOT OFFER MORE DIRECT COMPENSATION. THIS COULD TAKE THE FORM, HE SAID, OF US SUPPORT FOR PORTUGUESE "PROBLEMS," BY WHICH HE MEANT US DIPLOMATIC SUPPORT FOR PORTUGAL'S EFFORTS TO RETAIN ITS AFRICAN TERRITORIES. LISBON HAS SOUGHT SUCH SUPPORT IN EARLIER RENEWALS OF THE BASE AGREEMENT.

IN A CONVERSATION WITH A US SENATOR IN LISBON LAST WEEK ON EXTENDING THE AGREEMENT, PRIME MINISTER CAETANO STATED THAT IF THE US CONGRESS LACKS SUFFICIENT INTEREST IN THE BASE TO APPROVE A SUITABLE AGREEMENT, THEN THE US MUST LEAVE. IN THE ENSUING DISCUSSION OVER THE VALUE OF LAJES TO NATO IN THE FIELD OF ANTISUBMARINE WARFARE, CAETANO IMPLIED THAT LAJES MIGHT BE OFFERED AS A NATO BASE FOR USE



IN PEACETIME IN LIEU OF LIMITING IT TO THE US AS  
IN THE PRESENT AGREEMENT. THIS PROPOSED SOLUTION  
COULD CAUSE A STORM IN NATO, HOWEVER, WHERE THE  
DUTCH AND THE SCANDINAVIANS MIGHT RAISE OBJECTIONS  
TO A LARGER NATO ROLE FOR AN UNDEMOCRATIC COUNTRY.

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